

**ALL PARTIES RECEIVING THIS NOTICE SHOULD REVIEW EXHIBIT Y AND EXHIBIT Z CAREFULLY FOR THEIR NAME AND ANY CONTRACTS OR LEASES WITH THE DEBTORS.**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF SOUTH CAROLINA**

In re: ) Chapter 11  
 )  
The Merit Group, Inc., *et al.*, ) Case No. 11 - 03216-hb  
 )  
Debtors.<sup>1</sup> ) (Joint Administration)  
 )

**NOTICE OF (A) THE PROPOSED SALE OF SUBSTANTIALLY ALL ASSETS OF THE DEBTORS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS; (B) BIDDING PROCEDURES, AUCTION, AND HEARING ON THE SALE; (C) DEADLINE TO OBJECT TO SALE; (D) DEADLINE TO OBJECT TO ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES AND ESTABLISHMENT OF CURE AMOUNTS AND EXTENSION OF TIME TO ASSUME OR REJECT CERTAIN UNEXPIRED LEASES; AND (E) HEARING ON ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES AND CURE AMOUNTS AND EXTENSION OF TIME TO ASSUME OR REJECT CERTAIN UNEXPIRED LEASES**

**TO: ALL CREDITORS AND PARTIES IN INTEREST**

**YOU ARE HEREBY NOTIFIED** that the Debtors are applying for approval to sell substantially all of the property of the Debtors' estates described below free and clear of all liens and encumbrances according to the terms and conditions stated in the Motion for an Order Approving the Proposed Sale of Substantially All the Debtors' Assets Free and Clear of all Liens and Assumption, Assignment and Sale of Certain Executory Contracts and Leases filed with the Court on June 10, 2011, as amended by the Amended Motion for an Order Approving the Proposed Sale of Substantially All the Debtors' Assets Free and Clear of all Liens and Assumption, Assignment and Sale of Certain Executory Contracts and Leases filed June 29, 2011 (the "Sale Motion").

**TAKE FURTHER NOTICE** that any response, return, and/or objection to the Sale Motion should be filed with the Clerk of the Bankruptcy Court no later than **July 14, 2011**

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<sup>1</sup>The Debtors and the last four digits of their respective tax identification numbers are: The Merit Group, Inc., f/k/a Lancaster Distributing Company, f/k/a Lancaster Paint Sundries, Inc. (4224); Merit Transportation, Inc. (9048); Merit Paint Sundries, LLC d/b/a Lancaster (8882); Merit Supply Company, LLC d/b/a Merit Supply (5878); Merit Pro Finishing Tools, LLC d/b/a Merit Trade Source (8544); Five Star Products, Inc. (9186); and Five Star Group, Inc., d/b/a Lancaster/Five Star, d/b/a Rightway (3506).

and a copy simultaneously served on all parties in interest. Any party in interest may file and serve an objection to the Sale Motion or supplement a previously filed objection to the extent that such objection or supplement is based solely on events that occur after **July 14, 2011**. Such objections, or other objections to the manner in which the Debtors conducted the Auction and the Debtors' selection of the Successful Bidder and the Back-up Bidder shall be filed no later than fifteen minutes before the scheduled commencement of the Sale Hearing and a copy delivered to counsel for the Debtors, Lender, the Creditors' Committee, and other parties participating at the Sale Hearing.

**TAKE FURTHER NOTICE** that if two or more Qualified Bids are received, an Auction will be held for the sale of substantially all the Assets of the Debtors as set forth in the Bidding Procedures attached hereto as Exhibit X and incorporated herein, on **July 20, 2011 at 10:00 am** at McNair Law Firm P.A., 1221 Main Street, Suite 1800, Columbia, South Carolina, 29201 (the "Auction"). No further notice of the Auction will be given and the Auction may be adjourned at any time and from time to time without further notice.

**TAKE FURTHER NOTICE** that a hearing will be held on the Sale Motion on **July 21, 2011** at 10:00 a.m. at the United States Bankruptcy Court, J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, SC 29201 (the "Sale Hearing"). No further notice of the Sale Hearing will be given and the Sale Hearing may be continued or adjourned at any time and from time to time without further notice.

**TAKE FURTHER NOTICE** that, as more specifically set forth in the Sale Motion, the Debtors, as part of the sale of their Assets, are seeking to assume and assign certain Leases and Contracts listed in Schedule 1.1(a) to the Stalking Horse Agreement and Form APA, and establish cure amounts for the executory contracts and unexpired leases set forth on Schedule 5.15 to the Stalking Horse Agreement and Form APA, which are attached hereto as Exhibit Y<sup>2</sup> and incorporated herein (the "Contract Assumptions and Cure Amounts") and to extend the deadline to assume or reject certain real property leases until December 13, 2011, which leases are set forth in Exhibit Z (the "Post-Closing Assigned Agreements");

**TAKE FURTHER NOTICE** that any response, return, and/or objection to the Contract Assumptions and Cure Amounts or the extension of the deadline to assume or reject the Post-Closing Assigned Agreements should be filed with the Clerk of the Bankruptcy Court no later than **July 14, 2011** and a copy simultaneously served on all parties in interest.

**TAKE FURTHER NOTICE** that a hearing will be held on the Contract Assumptions and Cure Amounts and the extension of the deadline to assume or reject the Post-Closing Assigned Agreements on **July 21, 2011** at 10:00 am at the United States Bankruptcy Court, J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, SC 29201 (the "Initial Contract Assumptions and Cure Amounts Hearing"). No further notice of the Contract Assumptions and Cure Amounts Hearing will

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<sup>2</sup> The Debtors may supplement and modify Exhibit Y and Exhibit Z at any time. To the extent that the Debtors add an executory contract or unexpired lease or modify the Cure Amount, the non-Debtor affected party shall receive a separate notice and an opportunity to object to such addition or modification.

be given and the Contract Assumptions and Cure Amounts Hearing may be adjourned at any time and from time to time without further notice.

**TYPE OF SALE:** Private Sale or Public Auction

**PROPERTY TO BE SOLD:** All of Debtors' right, title and interest in substantially all assets and properties, real or personal, tangible or intangible, as defined in the Stalking Horse Agreement (if the Stalking Horse Agreement is approved) or the Form APA, including but not limited to equipment, machinery, inventory, supplies, commercial customer data and information, real property, software, intellectual property, books, records, accounts, chattel paper and electronic chattel paper, documents of title, certain leases, goods, investment property and vehicles and any other assets of the Debtor not designated as an Excluded Asset in the Stalking Horse Agreement or Form APA or the Sale Motion.

**SALES PRICE:** Approximately \$46,000,000.00 plus other Assumed Liabilities as set forth in the Stalking Horse Agreement or Form APA plus Cure Amounts for leases and executory contracts to be assumed by the Debtors and assigned to the buyer (at closing or on or before December 13, 2011 as to certain unexpired leases of non-residential real property) as established by the Initial Contract Assumptions and Cure Amounts Hearing and such other hearings as may be necessary.

**ANY PARTY MAY MAKE A COMPETING BID; HOWEVER ALL BIDS MUST BE A QUALIFIED BID AND BE MADE PURSUANT TO BIDDING PROCEDURES AS SET FORTH IN EXHIBIT X ATTACHED HERETO**

**APPRAISED VALUE:** Not Available.

**BUYER:** MG Distribution, LLC, as set forth in the Stalking Horse Agreement filed with the Court, or the Successful Bidder at the Auction to be held in accordance with the Bidding Procedures.

**PLACE AND TIME OF SALE:** **Auction: July 20, 2011 at 10:00 am** at McNair Law Firm P.A., 1221 Main Street, Suite 1800, Columbia, South Carolina, 29201; **Sale Hearing: July 21, 2011** at 10:00 am at the United States Bankruptcy Court, J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, SC 29201.

**SALES AGENT/AUCTIONEER/BROKER:** Morgan Joseph Triartisan LLC ("Morgan Joseph"), 3475 Piedmont Road, Suite 260, Atlanta, Georgia 30305 (Attn: James D. Decker).

**COMPENSATION TO SALES AGENT/AUCTIONEER/BROKER:** Pursuant to the terms of its retention agreement, Morgan Joseph shall be entitled to receive upon the closing of the sale a fee (the "Sale Transaction Fee") equal to the sum of 2.5% of the Aggregate Gross Consideration (as defined in its retention agreement), provided there is a Stalking Horse, or if there is no Stalking Horse but the Auction results in a buyer acceptable to Lender and the Debtors. However, the Sale Transaction Fee shall not be less than \$750,000. In the event there is an Auction with at least one Qualified Bidder and the Lender credit bids and closes on the sale of the Assets, the Sale

Transaction Fee shall be limited to \$750,000.00. Any Monthly Fees received by Morgan Joseph in excess of \$150,000 in the aggregate shall be credited against the Sale Transaction Fee. In addition, the Debtor shall reimburse Morgan Joseph for all reasonable out-of-pocket expenses incurred in connection with its services under the retention agreement, including but not limited to travel, lodging, meals, database usage, couriers, telecommunications, and any reasonable attorneys fees.

**ESTIMATED TRUSTEE'S COMMISSION ON SALE:** None.

**LIENS/MORTGAGES/SECURITY INTEREST ENCUMBERING PROPERTY:** (A) Regions Bank, in the approximate amount of \$53,500,000 secured by a first priority lien on all of the Assets, including prepetition and post-petition Assets; (B) Stonehenge, in the approximate principal amount of \$12,000,000, secured by a lien on all of the Assets, including pre-petition and post-petition Assets, which lien is subordinate to the lien of Regions Bank pursuant to an intercreditor and subordination agreement; (C) The Valspar Corporation, in the approximate amount of \$350,000, secured by a lien on certain inventory, which lien is subordinate to the lien of Regions Bank and Stonehenge, pursuant to an intercreditor and subordination agreement; (D) Utah State Tax Lien filed in Salt Lake County against Strategic1 d/b/a The Merit Group, Inc. on 12/6/10 for \$1,223.19, which amount is disputed; (E) Utah State Tax Lien filed in Salt Lake County against Merit Paint Sundries, LLC d/b/a Lancaster on 2/7/11 for \$41,732.93, which amount is disputed; (F) Spartanburg County, South Carolina Tax Assessor, for outstanding real and personal property taxes in the amount of \$59,239.84; (G) Mesquite Tax Fund payable to Mesquite, Texas for outstanding taxes in the amount of \$94,554.62; and (H) Dallas County Tax Office for outstanding taxes in the amount of \$31,186.02.

**DEBTOR'S EXEMPTIONS:** None.

**PROCEEDS ESTIMATED TO BE PAID TO THE ESTATE:** The Debtors and the Unsecured Creditors' Committee will request permission to set aside an undetermined amount of funds from the Sale Proceeds for payment of administrative expense claims and unsecured creditors, including both priority and non-priority unsecured claims, to be paid before the payment of the secured creditors set forth above. Although the ultimate resolution of this request is uncertain and no agreement has yet been reached, the Debtors, the Unsecured Creditors' Committee and the Lender could negotiate such an amount and other terms and conditions at the Auction and seek approval of such terms and conditions at the Sale Hearing. Any such resolution could involve release of claims or payment of funds by the parties involved. Without a consensual resolution, the Debtors may seek approval of the sale, from which all sale proceeds will be paid first to the secured creditors. Based on the present purchase price, absent an agreement, there will be little or no proceeds available to pay unsecured creditors out of this sale, which, if approved by the Court, involves substantially all of the Debtors' assets.

**BIDDING PROCEDURES: SEE EXHIBIT X ATTACHED HERETO.**

**OBJECTIONS TO LEASES AND CONTRACTS CURE AMOUNT, ASSUMPTIONS, AND EXTENSION OF DEADLINE TO ASSUME OR REJECT AND HEARING:** Attached hereto as Exhibit Y, as to each executory contract or lease that the Debtors believe may be assumed and assigned to the buyer, is (i) the title or other identifying description of the

Contract or Lease to be assumed, (ii) the name of the counterparty to such Contract or Lease, (iii) the amount, if any, determined by the Debtors to be necessary to be paid to cure any existing default under such Contract or Lease in accordance with sections 365(b) and (f)(2) of the Bankruptcy Code (the “Cure Amount”), (iv) if determined, the proposed effective date of the assumption and assignment. Attached hereto as Exhibit Z are those Leases subject to the request to extend the deadline to assume or reject until December 13, 2011. The Debtors reserve the right to supplement and modify Exhibit Y and Exhibit Z at any time, provided that to the extent that the Debtors the affected party shall receive a separate notice and an opportunity to object to such addition or modification. The performance of the Successful Bidder under these Bidding Procedures, including the delivery of the Good Faith Deposit, and its ability to close on the sale of the Assets provides adequate demonstration of the Successful Bidder’s adequate assurance of future performance under the Assigned Agreements.

Any objection to the assumption and assignment of any Contract or Lease identified on Exhibit Y, including, without limitation, any objection to the Cure Amount or to the ability of a Successful Bidder to provide adequate assurance of future performance under such Contract or Lease, and any objections to the extension of the deadline to assume or reject the Leases set forth in Exhibit Z must (i) be in writing, (ii) set forth the basis for the objection as well as any cure amount that the objector asserts to be due (in all cases with appropriate documentation in support thereof), and (iii) be filed with the Clerk of the Court, United States Bankruptcy Court for the District of South Carolina, J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, SC 29201, and served on McNair Law Firm, P.A., 1221 Main Street, Suite 1800, Columbia, South Carolina 29201, P.O. Box 11390, Columbia, South Carolina 29211 (Attn: Michael M. Beal, Esq.), so as to be actually received no later than July 14, 2011 at 5:00 p.m. (Eastern Time) or such later date as may be ordered by the Bankruptcy Court (the “Assignment and Cure Objection Deadline”).

Any request for adequate assurance information regarding the Successful Bidder (a “Request for Adequate Assurance”) must include an email address, postal address and/or facsimile number to which a response to such request will be sent. Upon receiving a Request for Adequate Assurance, the Debtors shall promptly provide such party with any non-confidential information reasonably related to adequate assurance by email, facsimile or overnight delivery.

If no objection to the proposed assumption and assignment of a Contract or Lease is timely received by the Assignment and Cure Objection Deadline, then the assumption and assignment shall be deemed authorized and the respective Cure Amount set forth on Exhibit Y shall be binding upon the counterparty to the Contract or Lease for all purposes and will constitute a final determination of total Cure Amount required to be paid by the Debtors in connection with such assumption and assignment to the Successful Bidder.

If no objection to the proposed extension of time to assume or reject certain real property Leases under section 365(d)(4) until December 13, 2011, is received by the Assignment and Cure Objection Deadline, then the extension of the deadline to assume or reject the Leases until December 13, 2011 shall be deemed authorized and the deadline to assume and assign or reject the Leases set forth on Exhibit Z shall be extended until December 13, 2011 as set forth in the Sale Order.

Any entity that does not timely object as set forth above shall be (i) forever barred from objecting to the assumption and assignment of any of the Contracts and Leases identified on Exhibit Y, including, without limitation, asserting any additional cure payments or requesting additional adequate assurance of future performance, (ii) deemed to have consented to the applicable Cure Amount, if any, and to the assumption and assignment of the applicable Contract or Lease, (iii) bound to such corresponding Cure Amount, if any, (iv) deemed to have agreed that the Successful Bidder has provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code, (v) deemed to have agreed that all defaults under the applicable Contract or Lease arising or continuing prior to the effective date of the assignment have been cured as a result or precondition of the assignment, such that the Successful Bidder or the Debtors shall have no liability or obligation with respect to any default occurring or continuing prior to the assignment, and from and after the date of the assignment the applicable Contract or Lease shall remain in full force and effect for the benefit of the Successful Bidder and such entity in accordance with its terms, (vi) deemed to have waived any right to terminate the applicable Contract or Lease or designate an early termination date under the applicable Contract or Lease as a result of any default that occurred and/or was continuing prior to the assignment date, (vii) as to those Leases set forth on Exhibit Z, deemed to have consented to the extension of the deadline to assume and assign (or reject) the leases set forth on Exhibit Z until December 13, 2011 and deemed to have consented to the Successful Bidder's occupancy and quiet enjoyment of the premises until the Lease is assumed and assigned (or rejected), and (viii) deemed to have agreed that the terms of the Sale Order shall apply to the assumption and assignment of the applicable Contract or Lease.

If no objection to the proposed assumption and assignment of a Contract or Lease or the extension of the deadline to assume and assign (or reject) certain leases, is received by the Assignment and Cure Objection Deadline, counsel for the Debtors may submit to the Court a certificate of no objection and a form of order (a "Certificate of No Objection") granting the Debtors the authority, but not the obligation, for the assumption and assignment, and serve such Certificate of No Objection on the counterparty to such Contract or Lease.

Objections to the request for an extension of time to assume and assign (or reject) shall be heard at the Sale Hearing and the Initial Contract Assumptions and Cure Amount Hearing on July 21, 2011.

If an objection to the proposed assumption and assignment of a Contract or Lease is timely received and such objection cannot otherwise be resolved by the parties, the Court may hear such objection at the Sale Hearing and the Initial Contract Assumptions and Cure Amount Hearing on July 21, 2011. The pendency of a dispute relating to the Cure Amount will not prevent or delay the assumption and assignment of any Contract or Lease. If an objection is filed only with respect to the cure amount listed on Exhibit Y, the Debtors may file a Certificate of No Objection as to assumption and assignment only and the dispute with respect to the cure amount will be resolved consensually, if possible, or, if the parties are unable to resolve their dispute, before the Court at a hearing to be scheduled after July 21, 2011. The Debtors intend to cooperate with the counterparties to the Contracts and Leases to be assumed and assigned by the Debtors to attempt to reconcile any difference in a particular Cure Amount.

The Debtors shall, after the consummation of the closing of the sale of the Assets, file with the Court and serve on the non-Debtor counterparties to the Leases and Contracts, a final list of those Leases and Contracts that were actually assumed and assigned to the Successful Bidder at the closing of the sale of the Assets. The Debtors shall periodically file with the Court and serve on the non-Debtor counterparties to the applicable Leases and Contracts, notice of any Post-Closing Assigned Agreements to be added to such list. Although authorized to assume and assign Leases and Contracts, assumption and assignment shall not occur until the Debtors file the list of assumed and assigned Lease and Contracts.

Any anti-assignment provisions included in, or otherwise purporting to affect, any Contracts and Leases to be assumed and assigned by the Debtors are unenforceable under section 365(f) of the Bankruptcy Code.

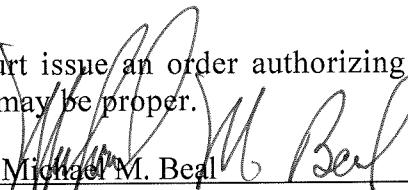
The Bankruptcy Court will conduct the Initial Contract Assumptions and Cure Amounts Hearing and the hearing on the extension of the deadline to assume or reject certain real property leases until December 13, 2011, and any objections filed thereon, if any, on **July 21, 2011**. With respect to all objections related to any additions or modifications to Exhibit Y or Exhibit Z, the non-Debtor parties filing such objections will receive notice of a hearing date that is not less than fourteen (14) days after the applicable Assignment and Cure Objection Deadline to consider such Contract Objections.

**STAY OF ORDER:** The Debtors request that the Bankruptcy Court order and direct that any order or orders approving the Sale Motion shall not be automatically stayed for fourteen (14) days.

The Debtors are informed and believe that it would be in the best interest of the estate to sell the assets pursuant to the terms of the Stalking Horse Agreement or the Form APA, subject to higher and better bids and the Auction proposed herein. The Debtors also believe that the funds to be recovered for the estate from the sale of said property justify its sale and the filing of this application.

WHEREFORE, the Debtors request the Court issue an order authorizing the sale of said property and such other and further relief as may be proper.

Dated: Columbia, South Carolina  
June 29, 2011

  
/s/ Michael M. Beal  
Michael M. Beal (S.C. Dist. Ct. ID# 1253)  
Robin C. Stanton (S.C. Dist. Ct. ID# 7438)  
Michael H. Weaver (S.C. Dist. Ct. ID# 9847)  
McNAIR LAW FIRM, P.A.  
1221 Main Street, 18<sup>th</sup> Floor  
Post Office Box 11390  
Columbia, South Carolina 29211  
Tel: (803) 799-9800  
Fax: (803) 753-3277  
mbeal@mcnair.net  
rstanton@mcnair.net  
mweaver@mcnair.net  
*Counsel to the Debtors and Debtors-in-Possession*

**EXHIBIT X**

## Auction and Bid Procedures

Set forth below are the bidding procedures (the "Bidding Procedures") to be employed in connection with the proposed sale of substantially all of the Assets (as defined below) of The Merit Group, Inc.; Merit Transportation, Inc.; Merit Paint Sundries, LLC; Merit Supply Company, LLC; Merit Pro Finishing Tools, LLC; Five Star Products, Inc.; and Five Star Group, Inc., as debtors and debtors in possession (the "Debtors"). Pursuant to the Bidding Procedures, the Debtors shall solicit bids for the purchase of the Assets, conduct an auction for the Assets (the "Auction") if the Debtors receive two or more Qualified Bids (as defined below), and thereafter seek entry of an order (the "Sale Order"), after notice and a hearing (the "Sale Approval Hearing"), authorizing and approving the sale of the Assets to the Successful Bidder(s) (as defined below).

### **A. Assets to be Sold**

The Debtors seek to sell substantially all of their assets (except for the "Excluded Assets" which are defined below), including, without limitation, all equipment, machinery, inventory, supplies, commercial customer data and information, real property, software, intellectual property, books, records, accounts, chattel paper and electronic chattel paper, documents of title, certain leases, goods, investment property, vehicles, customer lists and the goodwill associated with the business (such assets, the "Assets"). All of the Debtors' rights, title and interest in and to the Assets shall be sold free and clear of all liens, claims, encumbrances, rights, remedies, restrictions, pledges, interests, liabilities, charges, options and contractual commitments of any kind or nature whatsoever, whether arising before or after the date that the Debtors filed this chapter 11 case in this Court, whether at law or in equity, in accordance with section 363 of the Bankruptcy Code. As used herein, "Excluded Assets" has the meaning set forth in the Stalking Horse Agreement. No purchase price allocation among the Assets by the buyer under Section 3.5 of the Stalking Horse Agreement or the Form APA shall be binding or controlling as to any purchase price allocation regarding encumbered and unencumbered Assets agreed to among Lender, the Creditors' Committee and Debtors or as otherwise ordered by the Court.

### **B. Bid Deadline**

Any entity wishing to participate in the Auction (a "Potential Bidder") must submit a Qualified Bid (as defined below) in writing by mail, overnight delivery, facsimile or e-mail to (i) **McNair Law Firm, P.A., 1221 Main Street, Suite 1800, Columbia, South Carolina 29201, P.O. Box 11390, Columbia, South Carolina 29211** (Attn: Michael M. Beal Esq. - [mbeal@mcnair.net](mailto:mbeal@mcnair.net), fax no. (803) 753-3278); (ii) Morgan Joseph Triartisan LLC, 3475 Piedmont Road NE, Suite 260, Atlanta, GA 30305-2954 (Attn: James D. Decker - [jdecker@morganjoseph.com](mailto:jdecker@morganjoseph.com), fax no. (212) 218-3760); (iii) **Parker, Hudson, Rainer & Dobbs LLP, 285 Peachtree Center Avenue, NE, 1500 Marquis Two Tower, Atlanta, Georgia 30303** (Attn: C. Edward Dobbs, Esq. - [edobbs@phrd.com](mailto:edobbs@phrd.com), fax no. (404) 522-8409 and James S. Rankin - [jrankin@phrd.com](mailto:jrankin@phrd.com), fax no. (678) 533-7781); and (iv) Cole, Schotz, Meisel, Forman & Leonard, P.A., 300 East Lombard Street, Suite 2000, Baltimore, Maryland 21202 (Attn: G. David Dean, Esq. - [ddean@coleschotz.com](mailto:ddean@coleschotz.com), fax no. (410) 528-9402), so as to be actually received on or before July 15, 2011 at 5:00 p.m. (Eastern Time) (the "Bid Deadline"), which deadline may be extended by the Debtors, after consultation with the Lender and Creditors'

Committee. No bids submitted after the Bid Deadline shall be considered by the Debtors unless the Bid Deadline is extended by the Debtors.

**C. Bid Requirements**

1. Only bids for the Assets that constitute "Qualified Bids" will be considered by the Debtors. A "Qualified Bid" is an offer to purchase the Assets that: (i) identifies the Assets to be purchased and any Excluded Assets; (ii) identifies the price to be paid for the Assets to be purchased, an amount at least equal to (x) the price identified in the Stalking Horse Agreement (if applicable) *plus* (y) any Break-Up Fee (\$500,000) and Expense Reimbursement (\$750,000) *plus* (z) \$500,000 (such amount shall be referred to as the "Initial Overbid Amount"), provided however, that all Qualified Bids, including any credit bids by Regions Bank, as pre-petition and post-petition lender to the Debtors (in such capacities, the "Lender") or Stonehenge, shall include sufficient cash to fund payment of amounts owed to Morgan Joseph as a "Sale Transaction Fee" and the Break-Up Fee and Expense Reimbursement if the Successful Bid is not the Stalking Horse Bid; (iii) includes an executed asset purchase agreement and a marked copy identifying any proposed revisions to the Stalking Horse Agreement (or the form of asset purchase agreement provided by the Debtors if there is no Stalking Horse Agreement (the "Form APA")); (iv) identifies the Potential Bidder and the officer(s) or authorized agent(s) who will appear on behalf of such Potential Bidder and identifies the Potential Bidders' relationship with the Debtors or insiders of the Debtors; (v) provides evidence, satisfactory to the Debtors in their reasonable discretion and in consultation with the Lender and the Creditors' Committee, of the Potential Bidder's financial wherewithal to consummate the proposed transaction; (vi) provides that such offer is not subject to any due diligence or further board or similar approval or any financing contingency that will not be removed by 5:00 pm on July 19, 2011; (vii) provides for a good faith cash deposit (a "Good Faith Deposit") to be submitted to the Debtors on or before the Bid Deadline in an amount equal to not less than ten percent (10%) of the proposed purchase price (for all Potential Bidders other than Lender, but specifically including Stonehenge); (viii) identifies any Contracts or Leases to be assumed and assigned in connection with the proposed purchase of the Assets and provides evidence of the Potential Bidder's ability to provide adequate assurance of future performance under such Contracts and Leases; (ix) provides that such offer is irrevocable until the earlier of (a) consummation of a transaction involving any other Potential Bidder for the same Assets or (b) September 1, 2011 at 11:59 pm; (x) includes a copy of a board resolution or similar document demonstrating the authority of the Potential Bidder to submit an offer to purchase the Assets on the terms proposed by such Potential Bidder; and (xi) contains the form of order approving the proposed transaction that the Potential Bidder would request the Debtors to submit to the Court and a copy marked to show all changes from the proposed order filed with the Court. The Stalking Horse Bidder will be deemed to have made a Qualified Bid.

In the event that the Debtors enter into a Stalking Horse Agreement, the Debtors will file the Stalking Horse Agreement (or the Form APA, if no Stalking Horse Bidder is selected) with the Court on or before **June 30, 2011**, which date is sufficiently before the Bid Deadline to allow Potential Bidders adequate time to review the Stalking Horse Agreement or the Form APA. Upon request, the Debtors will provide copies of such documents to any Potential Bidder. The Debtors may, in their business judgment, communicate with any Potential Bidder and may

request any additional information reasonably required in connection with the evaluation of any such Potential Bidder or bid submitted by such Potential Bidder.

As soon as practicable after a Potential Bidder submits a bid, the Debtors, after consultation with the Lender and the Creditors' Committee, will determine whether such bid is a Qualified Bid and will notify such Potential Bidder of such determination. The Debtors reserve the right to consider bids for the Assets that do not conform to one or more of the aforementioned requirements, and, after consultation with the Lender and the Creditors' Committee, may deem such bids to be Qualified Bids notwithstanding such requirements. The Debtors may aggregate separate bids from unaffiliated Potential Bidders to create one Qualified Bid, provided, however, that all such Potential Bidders shall remain subject to the provisions of section 363(n) of the Bankruptcy Code regarding collusive bidding. The Debtors will promptly provide to the Stalking Horse Bidder copies of the offer documentation (including the marked asset purchase agreement) for any bid that the Debtors determine to be a Qualified Bid.

**D. Break-Up Fee and Expense Reimbursement**

As set forth in Section 11.2 of the Stalking Horse Agreement, the Stalking Horse Bidder shall be entitled to a Break-Up Fee of \$500,000 and an expense reimbursement in an amount up to \$750,000 for its reasonable documented fees, costs and expenses (including, without limitation, incurred attorneys fees, other professional fees and lender fees) incurred since May 19, 2011, by the Stalking Horse Bidder in connection with the negotiation and performance of the Stalking Horse Agreement and the transactions contemplated thereby (the "Expense Reimbursement"). The Break-Up Fee and Expense Reimbursement shall be due and payable pursuant to the terms set forth in Section 11.2 of the Stalking Horse Agreement. Notwithstanding any language in the Stalking Horse Agreement to the contrary: (i) the Break-Up Fee shall only be payable if an Alternative Transaction closes, and in such case, the Break-Up Fee shall be paid at the sale closing from the sales proceeds; and (ii) the Expense Reimbursement, if payable other than in the closing of an Alternative Transaction, shall be an allowed administrative claim in an amount not to exceed \$750,000, subject to review by the United States Trustee, Lender, the Debtors and the Unsecured Creditors' Committee for reasonableness. If the parties do not agree on the reasonableness of the Expense Reimbursement, the reasonableness of the Expense Reimbursement shall be determined by the Court.

**E. Due Diligence**

Through and including the Bid Deadline, the Debtors, with the assistance of Morgan Joseph, will afford Potential Bidders the opportunity to conduct a due diligence investigation regarding the Assets in the manner determined by the Debtors, in their business judgment, to be reasonable and appropriate. The Debtors shall not be obligated to furnish access to any information of any kind whatsoever regarding the Assets after the Bid Deadline.

Upon request, the Debtors will provide each Potential Bidder with a copy of the Bidding Procedures and a form Sale Order, together with a copy of the Stalking Horse Agreement (or the Form APA, if no Stalking Horse Bidder is selected). Should any Potential Bidder desire additional or further information, such Potential Bidder will be required to execute a confidentiality agreement in form and substance satisfactory to the Debtors in their business

judgment. Upon execution of such confidentiality agreement, the applicable Potential Bidder will be given access (through a virtual data room, site inspections or otherwise) to various financial data and other relevant and confidential information. The Debtors, together with Morgan Joseph, will coordinate all requests for additional information or access from Potential Bidders. The Debtors may, in their discretion, coordinate due diligence investigations such that multiple Potential Bidders have simultaneous access to due diligence materials and/or simultaneous attendance at management presentations or site inspections. The Debtors shall not be obligated to furnish access to any such information to any entity that does not execute a confidentiality agreement in form and substance satisfactory to the Debtors in their business judgment.

**F. Credit Bid**

Notwithstanding anything else herein, the right of Stonehenge to credit bid at the Action shall be subject to and determined by further order of this Court, which is presently under advisement. At or before the conclusion of the Auction, Lender (or Stonehenge, subject to further order of the Court) may submit a credit bid for some or all of such Assets to the fullest extent permitted under section 363(k) of the Bankruptcy Code. The Lender shall be deemed a Qualified Bidder upon its submission of a credit bid pursuant to and in compliance with the terms hereof and may assign any credit bid at any time prior to the closing, to a third party who thereupon will be entitled to close, and any such assignment shall relieve the Lender of any continued responsibility or duties with respect to any such assigned credit bid (but not under the DIP Order). Any credit bid by Lender or Stonehenge must include at least enough cash to pay any fees owed to Morgan Joseph and pay any Break-up Fee and Expense Reimbursement. The failure of the Creditors' Committee to object to a bid put forth by Lender shall not (a) impair the rights any interested party may have under paragraph 21 of the DIP Order; or (b) release Lender from any causes of action which can be brought on behalf of the Debtors' estates pursuant to said paragraph 21. If Stonehenge is permitted to credit bid by subsequent order of the Court, Stonehenge's right to credit shall not (a) prejudice or impair the rights of the Creditors' Committee to challenge the nature, extent, priority, validity, perfection or amount of Stonehenge's alleged liens, security interest and claims, in accordance with its existing challenge deadline; or (b) release Stonehenge from any causes of action which can be brought by or on behalf of the Debtors' estates relating to any of the foregoing.

**G. The Auction**

If two or more Qualified Bids are received on or before the Bid Deadline, the Debtors shall conduct the Auction commencing on **July 20, 2011 at 10:00 a.m. (Eastern Time)**, at the offices of McNair Law Firm, P.A., 1221 Main Street, Suite 1800, Columbia, South Carolina 29201, to determine the Successful Bid. The Auction will be transcribed or videotaped. The Auction may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Auction. If only one Qualified Bid is received, then the Debtors may seek approval of such bid as the highest and best bid.

#### **H. Auction Procedures**

Only an entity that has submitted a Qualified Bid (a "Qualified Bidder"), to the Debtors and their counsel, the Creditors' Committee individual members and its counsel, and counsel to the Lender are eligible to participate in the Auction. All participants shall appear in person, by telephone, or through a duly authorized representative. Prior to the Auction, the Debtors, in consultation with the Lender and the Creditors' Committee, shall select the Qualified Bid that, in their business judgment, reflects the highest or otherwise best value for the Debtors' estate as the starting bid (the "Starting Auction Bid") and advise all participants in the Auction of the terms of the Starting Auction Bid. Qualified Bidders may then submit, at the Auction, bids that are better and higher than the Starting Auction Bid in an initial incremental amount equal to the Initial Overbid Amount (only if there is a Stalking Horse Agreement) and subsequent increments of at least \$250,000 (collectively, the "Overbid Increments"), provided that the Debtors, in their reasonable discretion and in consultation with the Lender and the Creditors' Committee, may adjust the Overbid Increments without further order of the Court. Each Qualified Bidder shall be required to confirm at the Auction that it has not engaged in any collusion with respect to the bidding or sale.

In consultation with the Lender and the Creditors' Committee, the Debtors shall determine the Successful Bid and the Back-Up Bid. Throughout the course of the Auction, all Qualified Bidders that submit bids shall be required to serve as the Back-Up Bid at their last offered bid in the event that such Qualified Bidder is selected as the Back-Up Bid.

The Debtors may adjourn, continue, or re-open the Auction, subject to any required approval of the Court and in consultation with the Lender and the Creditors' Committee, and reserve the right to adopt other and further rules and procedures for the Auction that, in their business judgment, will better promote the goals of the Auction.

#### **I. Determination of Successful Bid**

As soon as reasonably practicable following the Bid Deadline (if only one Qualified Bid is submitted) or the Auction (if two or more Qualified Bids are submitted), the Debtors, after consultation with the Lender and the Creditors' Committee, shall review each Qualified Bid that has been submitted and determine whether any Qualified Bid is the Successful Bid. In making such determination, the Debtors, after consultation with the Lender and the Creditors' Committee, shall consider any factor that they deem relevant, including, without limitation, the purchase price, the payment of any Break-Up Fee and Expense Reimbursement, any benefit to the Debtors' estate from any proposal to assume liabilities of the Debtors, and those factors affecting the speed and certainty of consummating the sale of the Assets. When bidding at the Auction, the Stalking Horse Bidder shall receive a cash "credit" in the amount of the Break-Up Fee and Expense Reimbursement. Notwithstanding the foregoing, no bid shall constitute the highest and best bid or the Successful Bid unless it represents an Acceptable Sale to Lender as set forth in the DIP Order or the Lender is paid in full all pre-petition and post-petition obligations and cash collateralization of all letters of credit and contingent obligations.

As soon as practicable following notification of the determination of the Successful Bid, but prior to the Sale Approval Hearing, the Successful Bidder must execute an amendment to its

proposed asset purchase agreement reflecting modifications agreed to by the Debtors, the Creditors' Committee, and the Lender and the Successful Bidder at the Auction (the amendment and the initial asset purchase agreement submitted with the bid are together the "Asset Purchase Agreement"), which Asset Purchase Agreement shall be in all respects acceptable to the Debtors, after consultation with the Lender and the Creditors' Committee.

The presentation of the Successful Bid to the Court for approval does not constitute the Debtors' acceptance of such bid. The Debtors will be deemed to have accepted the Successful Bid only when such bid has been approved by the Court pursuant to the Sale Order and the sale of the Assets proposed in such bid has been consummated.

**J. Back-Up Bid**

The Successful Bidder(s) shall be required to consummate the purchase of the Assets by **11:59 p.m. (Eastern Time) on August 12, 2011**. If the Successful Bidder(s) fails to timely consummate the purchase of the Assets, or any part thereof, then the Debtors shall be authorized, but not required, to consummate the sale of the Assets to the Qualified Bidder that submitted the Back-Up Bid pursuant to the terms of such Back-Up Bid (the "Back-Up Bidder") by **11:59 p.m. (Eastern Time) on September 1, 2011**. If the Successful Bidder(s) fails to consummate the purchase of the Assets because of a breach, default or failure to perform on the part of such Successful Bidder, the Debtors reserve the right to seek all available damages from such Successful Bidder.

**K. Reservation of Rights**

The Debtors reserve the right to determine in their reasonable discretion and in consultation with the Lender and the Creditors' Committee, whether any Qualified Bid is a Successful Bid subject to any expenses, limitations or conditions contained in these Bidding Procedures or Orders of the Court. The Debtors also reserve the right to modify the Bidding Procedures, after consultation with the Lender and the Creditors' Committee, without the need for any further order of the Bankruptcy Court, including, without limitation, (i) extending the deadlines set forth in the Bidding Procedures, (ii) adjourning the Auction, and (iii) withdrawing any Assets from the sale process at any time prior to or during the Auction, provided that any such modification is not inconsistent with the Stalking Horse Agreement or the order of the Bankruptcy Court approving these Bidding Procedures. Neither the consent of the Lender to any bid procedures, rules or process proposed by the Debtors, nor any reference, acquiescence, or participation by the Lender in any discussions or negotiations regarding any potential sale, shall constitute the consent of the Lender to any sale or disposition of any of the Assets; and the Lender has not waived and reserves all of its objections, claims, rights and remedies with respect to any sale proposed by the Debtors

**L. Disposition of Good Faith Deposits**

All Good Faith Deposits shall be held in a separate non-interest bearing escrow account for the benefit of the Debtors and Debtors' interest in the Good Faith Deposits shall be subject to the post-petition security interests granted by the Debtors to the Lender. As soon as practicable following the consummation of the sale of the Assets, any Good Faith Deposit

received from a Qualified Bidder who is not determined to be the Successful Bidder or Back-Up Bidder shall be released from escrow and returned to such Qualified Bidder. If the Successful Bidder or Back-Up Bidder fails to consummate the purchase of the Assets, or any part thereof, because of a breach, default or failure to perform on the part of such Successful Bidder or Back-Up Bidder, the Debtors will not have any obligation to return the Good Faith Deposit deposited by such Successful Bidder or Back-Up Bidder, and such Good Faith Deposit shall irrevocably become property of the Debtors (subject to the post-petition security interests granted by the Debtors to the Lender) without affecting or reducing any of the Debtors' other rights or claims against such Successful Bidder or Back-Up Bidder (except as otherwise provided in the Stalking Horse Agreement). If a Successful Bidder or a Back-Up Bidder fails to consummate the purchase of the Assets, or any part thereof, because of a breach, default or failure to perform on the part of the Debtors, the Good Faith Deposit deposited by such Successful Bidder or Back-Up Bidder shall be returned to such Successful Bidder or Back-Up Bidder. If a Successful Bidder consummates the purchase of the Assets, the Good Faith Deposit deposited by such Successful Bidder shall be applied as a credit toward the purchase price for the Assets and the Good Faith Deposit of the Back-Up Bidder shall be returned to the Back-Up Bidder.

**M. As Is, Where Is**

The sale of the Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtors, their estate, or their agents or representatives except as provided in the Stalking Horse Agreement or the Form APA. Except as otherwise expressly provided in these Bidding Procedures, any applicable Stalking Horse Agreement, or any applicable Asset Purchase Agreement, each Potential Bidder that submits a bid shall be deemed to acknowledge and represent that it (i) has had an opportunity to conduct reasonable due diligence regarding the Assets prior to making its bid, (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and (iii) except as provided in the Stalking Horse Agreement or the Form APA, did not rely upon any oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith.

**N. Sale Approval Hearing**

The sale of the Assets and approval of the applicable Asset Purchase Agreement shall be presented for authorization and approval by the Court at the Sale Approval Hearing, which the Debtors propose be held on **July 21, 2011 at 10:00 a.m. (Eastern Time)** at the **United States Bankruptcy Court, J. Bratton Davis United States Bankruptcy Courthouse, 1100 Laurel Street, Columbia, South Carolina 29201**. The Sale Approval Hearing may be continued, adjourned or rescheduled without further notice by an announcement of the adjourned date at the Sale Approval Hearing.

**EXHIBIT Y**

Name	Address 1	Address 2	Address 3	City	State	Zip	Country	Description of contract or lease and nature of debtor's interest	Br	Cure Amounts
35 1500 Railway, LLC	PO Box 310300	Property		Des Moines	IA	50331-0300	US	Distribution center: NJ	13	\$ -
48 Abel Womack	One International Way			Lawrence	MA	01843	US	Erlense server/repair provider	13	\$ 252,26
43 Activian (value added reseller)	P.O. BOX 671069			Dallas	TX	75267	USA	Erlense server maint contract	13	\$ 53,324,10
57 Activant (value added reseller)	P.O. Box 9001006			Dallas	TX	75267	USA	IBM Software Maintenance	6	-
14 ADP, Inc	P.O. Box 9001006			Louisville	KY	40280-1006	USA	Avert (Screening & Selection Service	13	-
50 ADP, Inc	P.O. Box 9001006			Louisville	KY	40280-1006	USA	Expense Expert Plus (Concur Expense Reporting)	13	-
68 ADP, Inc	P.O. Box 9001006			Edison	NJ	08827	US	Payroll Processing Services	13	6,196,60
12 ADT	21 Northfield Ave			Tampa	FL	33634	USA	Alarm service provider	14	-
5 ADT	5471 W Waters Ave			Aurora	CO	80012	USA	Alarm service provider	2	1,539,56
6 ADT Security Services	14200 E. Exposition Ave			Pittsburgh	PA	15250	USA	Alarm service provider	8	-
7 ADT Security Services	P.O. Box 371956			South Plainfield	NJ	07080	US	Sprinkler System	6	280,64
113 ADT Security Services	P.O. Box 371967			Secaucus	NJ	07094	US	Equipment service/repair provider	13	-
49 AJ Jersey	125 St. Nicholas Ave	PO Box 5387		Hutchins	TX	75141	USA	Waste Collection	14	55,607,49
130 Allegro Sanitation	278 Seacucus Rd			Hicksville	NY	11802-6156	USA	Waste Collection	14	3,176,13
122 Allied Waste	1450 E. Cleveland Rd			Dallas	TX	75205-0448	USA	Purchasing Card Service	9	203,06
33 AMB Property Corporation	P.O. Box 6156			Louisville	KY	40268	USA	Drinking Water supplier	100	25,494,00
110 American Express Travel Related Services, Inc.	PO Box 650448	Suite 4		Dallas	TX	75202	USA	Phone / internet service	7	16,633,58
41 Arrowhead Direct	#215 6861 Dixie Hwy			Carrol Stream	IL	60197	USA	Phone / internet service	100	20,985,61
72 AT&T	208 S Akard St	PO Box 5019		Clifton	TX	75222	USA	Phone / internet service	100	-
73 AT&T	208 S Akard St			Carrol Stream	IL	60197	USA	Phone / internet service	9	574,36
75 AT&T		PO Box 5019		Greenville	SC	29607	USA	network storage maint. agree	9	-
64 AT-Net (value added reseller)	127 WEST ANTRIM DRIVE			Greenville	SC	29607	USA	Networking equip maint contract	100	156,25
65 AT-Net (value added reseller)	127 WEST ANTRIM DRIVE			Greenville	SC	29607	USA	Networking equip maint contract	7	750,00
131 AT-Net (value added reseller)	127 WEST ANTRIM DRIVE			Pacheco	CA	94553	USA	web security/filtering	13	-
8 Bay Autom	60 Berry Drive			Clifton	NJ	07011	US	Heat & Air	7	21,10
56 Bergen Refrigeration	600 Clifton Ave			Columbia	SC	29260-6000	USA	Health Insurance	14	-
53 Blue Cross Blue Shield of SC	P.O. Box 562800			Houston	TX	77255	USA	Compressor and Boiler rental	9	-
18 Brask Enterprises	PO Box 562887			E Syracuse	NY	13207	USA	Phone / internet service	2	2,354,43
76 Bright House Networks	5000 Campuswood Dr	PO Box 30785		Tampa	FL	33630	USA	Phone / internet service	2	-
77 Bright House Networks				Riv Brook	NY	10573	USA	Phone / internet service	13	933,53
105 Broadview Networks	800 Westchester Ave	PO Box 9242		Uniondale	NY	11565-9242	USA	Phone / internet service	13	-
106 Broadview Networks				Earth City	MO	63045	USA	customer agreement	100	1,230,01
25 CAA Global Partners, Inc.	4301 Earth City Expressway			St Louis	MO	63131	USA	Phone / internet service	100	-
78 Charter Communications	12405 Powerscourt Dr	PO Box 9001920		Louisville	KY	40290	USA	Phone / internet service	100	-
79 Cincinnati Bell	221 East Fourth St	PO Box 748001		Cincinnati	OH	45220	USA	Phone / internet service	8	719,19
80 Cincinnati Bell	PO Box 349100			Cincinnati	OH	45274-8001	USA	Phone / internet service	8	-
51 Cintras Corporation	121 Landers Road			Sacramento	CA	95834	USA	Floor mats provider	7	149,85
59 Cintras Corporation	1586 South 5350 West			Spartanburg	SC	29303	USA	Jantional supplies provider	1	-
60 Cintras Corporation	PO Box 88005			Salt Lake City	UT	84104	USA	Jantional supplies provider	6	591,36
61 Cintras Corporation	93100 MC1 Drive			Chicago	IL	60690	USA	Jantional supplies provider	9	165,98
118 City of Pinehurst Park	5141 78th Ave.			Pinellas Park	FL	33753	USA	Uniform supplier contract. Expires on 12/20/11 that will not be renewed	2	629,82
123 City of Pinehurst Park	PO Box 58743			N. Pinellas Park	FL	33733	USA	Waste Collection	2	289,55
9 CND Protection	P.O. Box 302235	Dent. 23-503		Dallas	TX	75229	USA	Alarms service provider	9	-
39 Cobalt Industrial REIT	P.O. Box 302235	Dent. 23-503		Dallas	TX	75230	USA	Distribution center: FL	13	34,655,71
22 Cobert Banking Courier	3375 Park Ave	Suite 3033		Wantagh	NY	117793	USA	Counter Service	13	-
124 CSI Waste Services	17863 Bassett Rd			Cincinnati	OH	45241	USA	Waste Collection	8	1,053,62
40 Deli	PO BOX 534118			Atlanta	GA	30353	USA	DNS server maint contract	2	-
120 Deli (value added reseller)	PO Box 534118			Baltimore	MD	21297-3096	USA	Virus protection	6	-
38 Distribution 1 Patent Owner, LLC	PO Box 317088			Dallas	TX	75381	USA	Distribution center: UT	9	22,356,40
54 Dring Air Conditioning	PO Box 816567			Abilene	KS	79610	USA	Heat & Air	8	822,00
26 Duckwall - Alco	401 Avenue A			Enid	OK	73701	USA	Customer agreement	13	-
11 Electro Watchman	PO Box 121			Maspeth	NY	07726	US	Alarms service provider	13	-
16 Elite Distributions Insurance Co (EDIC)	Kensington Management Group, Ltd	2nd Floor, Genesis Building	Dr. Roy's Dr.	Grand Cayman	KY	191001	USA	Captive Insurance Program General Liability, W/C, Auto	8	30,901,00
47 Equipment Depot	1342 Jamikke Dr			Edinburg	KY	41018	USA	Equipment service/repair provider	14	15,349,63
23 Eulet Hermes ACI	800 Red Strok Blvd.			Mount Arlington	NJ	07856	USA	Credit insurance agreement	100	-
17 Everest Property Insurance Co. (EPIC)	Kensington Management Group, Ltd	2nd Floor, Genesis Building	Dr. Roy's Dr.	Grand Cayman	KY	191001	USA	Captive Insurance Program Property	1	-
55 Fire & Ice	7143 58th Ave			Maspeth	NY	11378	US	Heat & Air	13	500,00
111 First National Capital Corporation	26050 Towne Centre Drive			Foothill Ranch	CA	92610	USA	Rocking, shelving, moving equipment	13	111,307,50
129 Five Star Canning	5885 47th Street			Maspeth	NY	11378	US	Waste Collection	13	917,62
20 GE Capital	P.O.Box 642333			Pittsburgh	PA	15264-2333	USA	Copier	14	94,70
4 HNI/TTC Response, Inc.	400 Valley Road			Atlanta	GA	30339	USA	agreement for emergency/response services	100	-
27 Home Depot	2455 Paces Ferry Road NW	Km 13.4		Carolina	PR	00856	USA	customer agreement	1	-
19 IC Paints (Puerto Rico), Inc.	65th Infantry Ave.			North Wilkesboro	NC	30309	USA	Constitution inventory	9	-
37 Industrial American Properties	CIO/DI Group, LLC	1100 Peachtree Street	Suite 1100	Atlanta	GA	30314-0540	USA	Copiers	1	48,435,64
21 IOS Capital	PO Box 740540			New York	NY	10008	USA	e-mail	13	13,439,13
44 IosSwitch	PO BOX 372			South Burlington	VT	05403	USA	Distribution center: NY	13	-
26 Kampfer Realty, LLC	Merchants Bank	PO Box 1009		Broomfield	CO	80021	USA	Office / internet service	100	285,39
82 Level 1 Communications	1025 Eldorado Blvd	PO Box 931843		Atlanta	GA	31193-1843	USA	Phone / internet service	100	759,27
83 Level 3 Communications	1025 Eldorado Blvd			Broomfield	CO	80021	USA	Phone / internet service	1	-
84 Level 3 Communications		PO Box 931843		Atlanta	GA	31193-1843	USA	Phone / internet service	1	-
28 LG Sourcing, Inc.	PO Box 1325			North Wilkesboro	NC	60132-0821	USA	Disability and Life Insurance	100	-
32 Lincoln Financial Group	P.O. Box 0821			Spartanburg	SC	29302	USA	3rd Party Adminstration of Dental Plan & FSA Plan	100	96,000,00
3 Merit Health	300 Corporate Parkway			Amherst	NY	14226	USA	3rd Party Adminstration of 401(K) Plan	100	3,157,50
2 Merrill Lynch	4802 Deer Lake Drive East			Jacksonville	FL	32246	USA	Five Star local numbers that are pointed to local numbers at Admin off	100	579,43
70 Metropolitan Telecommunications	55 Waters St 5th Floor			New York	NY	10041	USA	Phone / internet service	7	1,288,22
116 Miel Capital	P.O. Box 972629			Dallas	TX	75597	USA	Telephone equipment	100	-
86 Network Billing Systems Voice	155 Willbrook Blvd			Wayne	NJ	07474-3480	USA	Phone / internet service	100	-
87 Network Billing Systems Voice	PO Box 436			Wayne	NJ	07474-3480	USA	Welfare Benefits for Union Employees	100	-
132 NNU Teamsters Benefit Plans	310 Belmont Avenue			North Haledon	NJ	07508	USA		132	-

\*To the extent any listed contract or lease is assumed, it will be assumed on the closing date.

Name	Address 1	Address 2	Address 3	City	State	Zip	Country	Description of contract or lease and nature of debtor's interest	Br	Cure Amounts
103 Optimum Lightpath, div of Cablevision Systems Corporation	200 Jenrich Quadrangle	PO Box 380111		Jenrich	NY	11753	USA	Phone / Internet service	14	
104 Optimum Lightpath, div of Cablevision Systems Corporation	12710 Magnolia Ave			Pittsburgh	PA	15251-6111	USA	Phone / Internet service	14	
69 Ohio	P.O. Box 371886			Riverside	CA	92503	USA	Best Control	7	
108 Pinney Bowes	#215 661 Dixie Hwy	Suite 4		Pittsburgh	PA	15250	USA	Postage meter	1	477.00
42 Poland Springs Direct				Louisville	KY	40238	US	Drinking Water supplier	1	8,024.98
28 PPG								customer agreement	13	40.03
10 Pro TechLaurens Electric Cooperative	Hwy 14			Laurens	SC	29360	USA	Alarm service provider	1	
15 Products & Services Co.	1702 John St.			Cincinnati	OH	45214	USA	Baile equipment lease	8	
117 Products & Services Co.	PO Box 121			Batavia	OH	45103	USA	Telephone equipment	14	
88 Qwest	1801 California St			Denver	CO	80202	USA	Phone / Internet service	100	
89 Qwest	100 CenturyLink Dr	PO Box 52187		Monroe	LA	71203	USA	Phone / Internet service	100	
90 Qwest	1801 California St			Phoenix	AZ	85072	USA	Phone / Internet service	100	9,004.76
91 Qwest	100 CenturyLink Dr			Denver	CO	80202	USA	Phone / Internet service	6	538.07
92 Qwest				Monroe	LA	71203	USA	Phone / Internet service	6	212.90
93 Qwest				Phoenix	AZ	85072	USA	Phone / Internet service	6	
98 Qwest	1801 California St			Denver	CO	80202	USA	Phone / Internet service	13 & 14	1,281.40
100 Qwest	100 CenturyLink Dr	PO Box 52187		Phoenix	AZ	85072	USA	Phone / Internet service	13 & 14	4,963.48
99 Qwest: CenturyLink	P.O. Box 203905			Houston	TX	77216-3905	USA	Warehouse equipment	14	
121 Raymond Leasing Corp	PO Box 130			Greene	NY	13778	US	Equipment leased thru One lift	13	1,507.96
46 Reditalia Technology Services, Inc.	28214 NETWORK PLACE			Chicago	IL	60673	USA	phone system maintenance support	13	
107 Reditalia Technology Services, Inc.	PO Box 19123			Oakland	CA	94619	USA	Jantitorial supplies provider	7	
62 Roche Jamaritall				N. Ferrisburg	VT	05473	USA	employment contract	7	1,300.00
45 Ronald Kampner	610 Aladdin	Alameda County Industries		San Leandro	CA	94577	USA	Waste Collection	7	
125 San Leandro Disposal	1040 Euclid	101 W. Prospect Avenue		Cleveland	OH	44115	USA	customer agreement	7	
30 Shewin Williams Paint Stores Group	6200 Sprint Pkwy	PO Box 219100		Overland Park	KS	66251	USA	Phone / Internet service	7	
34 Sprint				Kansas City	MO	64121	USA	Phone / Internet service	7	
95 Teamsters Local No. 11, affiliated with Intern	810 Belmont Avenue			North Haledon	NJ	07508	USA	Union contract	7	66.54
67 The Hartford	Ocean Marine Department	301 Woods Park Drive		Clifton	NY	13323	USA	Ocean Cargo Insurance	-	
58 Thomas R. Uggard	19 W. Nationwide Blvd	Suite 500		Columbus	OH	43215	USA	Indemnity Agreement	8	23,800.00
34 Time Equities, INC., AS AGENT	55 Fifth Ave	151H Floor		New York	NY	10003	USA	Distribution center, KY	-	
31 Tractor Supply Co.	200 Powell Place			Brentwood	TN	37027	USA	customer agreement	-	
112 Transervice Logistics, Inc.	P&H Transport	5 Dakota Drive		Lake Success	NY	11042-1188	USA	Shipping contract	339,529.76	
24 Travelers Insurance	385 Washington Street			Saint Paul	MIN	55102-1396	USA	\$15 million umbrella policy	-	
96 Verizon	385 Washington Street			Saint Paul	MIN	55102-1396	USA	Crime insurance, includes ERISA endorsement	-	
97 Verizon	140 West St			New York	NY	10007	USA	Phone / Internet service	28.7	
101 Verizon	140 West St	PO Box 920041		Dallas	TX	75382-0001	USA	Phone / Internet service	14	
102 Waste Connections of the Carolinas	1010 Rogers Bridge Road	PO Box 920041		New York	NY	10007	USA	Phone / Internet service	14	
126 Waste Management	3411 N. 40th St.			Dallas	TX	75392-0001	USA	Phone / Internet service	1	22.62
128 Waste Management of Utah	8652 South 4000 West			Duncan	SC	29334	USA	Waste Collection	2	573.90
134 West Coast Coffers	11533 US 19 N			Tampa	FL	33605	USA	Waste Collection	6	190.54
114 Xtra Lease	3600 Depot Rd.			West Jordan	UT	84083	USA	Waste Collection	2	
115 XTRA Lease	3499 Industrial Drive			N. Cleawater	FL	33764	USA	Storage trailer provider	7	
13 Zurich American Insurance Company	1400 American Lane			Hayward	CA	94545	USA	Storage trailers	7	
52 Zurich American Insurance Company	1400 American Lane			York	PA	17402	USA	automobile insurance	7	
109 Zurich American Insurance Company	1400 American Lane			Schaumburg	IL	60186-1056	USA	general liability insurance	-	
133 Zurich American Insurance Company	PO Box 4730			Schaumburg	IL	60186-1056	USA	property insurance	-	
National Lease (Velocity Express)				Schaumburg	IL	60186-1056	USA	worker compensation insurance	-	
				Carol Stream	IL	60197-4730	USA	Freight Carrier Transportation Agreement	36,700.00	
							\$		1,009,629.59	

\*To the extent any listed contract or lease is assumed, it will be assumed on the closing date.

**EXHIBIT Z**

Company	Expiration Date	Contact Info	Pre Petition Cure Cost	Stub Rent Owed	June Rent Owed (a)	Total	WH #
Cobalt Industrial REIT	2/28/2015	P.O. Box 202235 Dept. 23503 Dallas, TX 75320	\$ 17,891.98	\$ 16,773.73	\$ -	\$ 34,665.71	2
Distribution 1 Patent Owner, LLC	7/31/2013	PO Box 37098 Baltimore, MD 21297-3098	\$ 11,538.58	\$ 10,817.42	\$ -	\$ 22,356.00	6
AMB Property Corporation	2/28/2014	P.O. Box 6156 Hicksville, NY 11802-6156	\$ 13,674.32	\$ 12,819.68	\$ -	\$ 26,494.00	7
Time Equities, INC., AS AGENT	12/31/2012	55 Fifth Ave 15TH Floor New York, NY 10003	\$ 12,283.87	\$ 11,516.13	\$ -	\$ 23,800.00	8
Industrial N American Properties	10/31/2017	C/O IDI Services Group, LLC 1100 Peachtree Street Suite 1100 Atlanta, GA 30309	\$ 23,966.97	\$ 22,469.03	\$ -	\$ 46,436.00	9
1500 Railway, LLC	10/31/2021	PO Box 310300 Property 1202010 Des Moines, IA 50331-0300	\$ -	\$ -	\$ -	\$ -	14
Kampner Realty, LLC	4/30/2012	Merchants Bank PO Box 1009 South Burlington, VT 05403	\$ -	\$ -	\$ -	\$ -	13
Merit Investment	12/31/2011	1310 Union Street Spartanburg, SC 29302	\$ 80,000.00	\$ 16,000.00	\$ 32,000.00	\$ 128,000.00	100
			\$ 159,355.72	\$ 90,395.99	\$ 32,000.00	\$ 281,751.71	

Notes:

(a) The Company typically paid the Merit investment rent quarterly during the first week of the second month of the quarter. The lease terms represent that rent should be paid monthly. The current forecast is for the Company to pay the Q3 quarterly rent on August 1st. However, the cure amounts due and owing under the lease agreement are represented herein.

\*To the extent any lease is assumed, it will be assumed on the closing date or as provided by further Court order.